

SECTION
PROGRAM DESCRIPTION

SUBJECT
Relationship of Medicaid and Medicare

MEDICAID AND MEDICARE - A COMPARISON

Medicaid and Medicare are both public payers, and they both include among their beneficiary populations low-income elderly and disabled individuals. Medicaid plays an important role in supplementing Medicare coverage for many low-income Medicare beneficiaries. Medicaid pays the premiums and to some extent, the cost-sharing requirements imposed under Medicare. Medicaid covers additional benefits, notably outpatient prescription drugs and long-term care that Medicare does not cover.

Medicare does not cover benefits categories that correspond to the following Medicaid mandatory categories: EPSDT, family planning services and supplies, and non-emergency transportation. This divergence reflects the differences in the populations covered by the two programs. In addition, Medicare's skilled nursing facility benefit is considerably more limited in scope than Medicaid's nursing facility benefit for individuals over 21.

With respect to optional Medicaid benefits, Medicare Part D does cover outpatient prescription drugs; this difference makes Medicaid coverage particularly important to the "dual eligible" low-income elderly and disabled Medicare beneficiaries. In addition, Medicare does not cover a number of the long-term care benefits categories that most states offer through their Medicaid programs; ICF/MR services, HCBS services, case management services, and personal care services.

(Excerpts from this policy taken from The Medicaid Resource Book – The Kaiser Commission on Medicaid and the Uninsured)

MEDICAID

Funded by federal and state tax
Money

Must be age 65, blind or disabled
and meet other financial criteria

Supplemental coverage to Medicare

State run

MEDICARE

Funded by federal tax
money and beneficiary or
employer monthly
premium.

Must be age 65 or disabled
and have work credits, or
have kidney disease

Federally run

SECTION
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For a more detailed description of Medicaid see SDMI HCBS 202.

DESCRIPTION OF MEDICARE

Medicare is a federal health insurance program for persons 65 years of age and older and certain persons under the age of 65 who are disabled or who have End Stage Renal Disease. Unlike Medicaid, persons do not have to meet an income test to qualify for Medicare. Eligibility is based on the individual's work history under the Social Security or Railroad Retirement systems.

PROGRAM ADMINISTRATION

Medicare, like Medicaid, is a federal program administered by the Centers for Medicare and Medicaid (CMS). Medicare is financed from Social Security taxes and monthly premiums and covers the same services and supplies nationwide.

HOSPITAL INSURANCE (PART A)

Medicare hospital insurance helps pay for medically necessary inpatient hospital care, inpatient care in a skilled nursing facility, home health care, and hospice care.

MEDICAL INSURANCE (PART B)

Medicare medical insurance helps pay for medically necessary physician services, outpatient hospital services, outpatient physical therapy, speech pathology services, and a number of other medical services and supplies not covered by hospital insurance. Medical insurance can also help pay for necessary home health services when hospital insurance cannot pay and the ~~consumer~~ individual does not have Part A Medicare.

MEDICAL INSURANCE (PART D)

Medicare program that subsidizes the prescription drug costs for beneficiaries. It was enacted as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and went into effect on January 1, 2006.

DEDUCTIBLES AND CO-INSURANCE

Medicare does not pay the full cost of some covered services. As with most private health insurance policies, Medicare has deductibles and co-insurance that must be paid by the insured person. If the Medicare insured person also receives Medicaid, Medicaid may pay some of the deductible and co-insurance costs. Medicaid may also pay for the person's medical insurance premium.

SECTION
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Medicare payments are handled by private insurance organizations under contract with the federal government. Organizations handling Part A claims are called intermediaries and organizations handling Part B claims are called carriers. Medicare Part D is known as the Medicare Prescription Drug Plan and is offered by insurance companies.

Medicare's basis for how the payments will be made is called "assignment." "Assignment" means that the provider bills, receives and accepts the payment as payment in full. "Non-Assignment" means the provider does not accept the payment rate and the client is responsible for the total charges regardless of what Medicare allows. This principle does not apply in Medicaid since Medicaid payment is made only to providers and is payment in full.

FURTHER INFORMATION

For more detailed information about the Medicare Program, contact Montana SHIP (State Health Insurance Assistance Program) at 1-800-551-3191.

